

ELLIOTT & ELLIOTT, P.A.
ATTORNEYS AT LAW
1508 Lady Street
COLUMBIA, SOUTH CAROLINA 29201
selliott@elliottlaw.us

SCOTT ELLIOTT

TELEPHONE (803) 771-0555
FACSIMILE (803) 771-8010

January 10, 2013

VIA E-FILING

Jocelyn Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

RE: Application of Custom Tel, LLC for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services and for local service offerings to be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in Docket No. 97-467-C

Dear Ms. Boyd:

Enclosed please find for filing the Application of Custom Tel, LLC for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services and for local service offerings to be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in Docket No. 97-467-C. By copy of this letter, I am serving the Office of Regulatory Staff.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/mjl

Enclosures

cc: C. Dukes Scott, Esquire w/enc.
Lance J.M. Steinhart, Esquire (via email w/out enc.)
Janet Brown, Esquire (via email w/out enc.)

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Application of Custom Tel, LLC for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services and for local service offerings to be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-164 in Docket No. 97-467-C

DOCKET NO.: 2013- -C

PARTIES SERVED: C. Dukes Scott, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

PLEADING: APPLICATION

January 10, 2013


MaryJo Lawracy, Legal Assistant

**STATE OF SOUTH CAROLINA
BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION**

In re:)	
)	
Application of)	
Custom Tel, LLC)	
)	
For a Certificate of Public)	DOCKET NO.
Convenience and Necessity to)	
Provide)	
Local Exchange)	
Telecommunications Services and)	
for local service offerings to be regulated)	
in accordance with procedures authorized)	
for NewSouth Communications in Order)	
No. 98-165 in docket No. 97-467-C)	

APPLICATION OF CUSTOM TEL, LLC
FOR AUTHORITY TO PROVIDE RESOLD
LOCAL EXCHANGE SERVICE

Custom Tel, LLC ("Custom Tel" or "Applicant"), pursuant to S.C. Code Ann. § 56-9-280(B)¹ and Section 253 of the Telecommunications Act of 1996², respectfully submits this Application for Authority to Provide Resold Local Exchange Service ("Application") in the State of South Carolina and for local service offerings to be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in docket No. 97-467-C.

¹As amended by Act No. 354, signed by the Governor on June 6, 1996.

²Telecommunications Act of 1996, 47 U.S.C. § 253 (1996).

Applicant intends to provide local exchange service to customers located in non-rural local exchange carriers' service areas of South Carolina. Should its Application be granted, Custom Tel plans to commence offering service immediately upon the establishment of the appropriate and necessary resale arrangements with the incumbent Local Exchange Carriers ("LECs"). Applicant will be negotiating an interconnection/resale agreement with BellSouth Telecommunications, Inc. d/b/a AT&T South Carolina ("AT&T") to provide local service.

Approval of this Application will promote the public interest by increasing the level of competition in the South Carolina telecommunications market. Ultimately, competition will compel all telecommunications service providers to operate more efficiently and pass the resultant cost savings on to consumers. In addition, as a result of competition, the overall quality of service will improve.

In support of its Application, Custom Tel states as follows:

I. Introduction

1. The name and address of the Applicant are:
Custom Tel, LLC
726 Exchange St., Suite 700
Buffalo, NY 14210
2. All correspondence, notices, inquiries and other communications regarding this Application should be directed to:

Lance J.M. Steinhart
Lance J.M. Steinhart, PC
1725 Windward Concourse
Suite 150
Alpharetta, Georgia 30005
Telephone: 770/232-9200
Facsimile: 770/232-9208

Local Counsel:
Scott Elliott, Esq.
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC 29201
Telephone: 803/771-0555
Facsimile: 803/771-8010

3. In support of this Application, the following exhibits are attached hereto:
- a. Exhibit A - Custom Tel's Articles of Organization filed with the Secretary of State for the State of New York;
 - b. Exhibit B - Custom Tel's Certificate of Authority to Operate in South Carolina as a Foreign Corporation;
 - c. Exhibit C - Custom Tel's Financial Statements for period ending December 31, 2011
 - d. Exhibit D - Biographies of selected Custom Tel management; and
 - e. Exhibit E - Illustrative Price List for Local Exchange Service.

II. Description of the Applicant

1. General Information

Applicant is a New York, which was formed on February 23, 2007. The company is headquartered at 726 Exchange St., Suite 700, Buffalo, NY 14210.

2. Customer Service

Custom Tel's customer service representatives are available to assist its customers and will promptly respond to all customer inquiries. Customers may call 1-800-960-2159 or a local number. The applicable toll free or local numbers will be printed on customers' monthly billing statements. Alternately, customers wishing to communicate with an Custom Tel customer service representative in writing may send written correspondence to Custom Tel at:

Custom Tel, LLC
ATTN: Customer Service
726 Exchange St., Suite 700
Buffalo, NY 14210

Custom Tel's customer service representatives are prepared to respond to a broad range of service matters, including inquiries regarding: (1) the types of services offered by Custom Tel and the rates associated with such services; (2) monthly billing statements; (3) problems or concerns pertaining to a customer's current service; and (4) general service matters.

III. Custom Tel Possesses the Technical, Managerial and Financial Expertise Necessary to Provide Local Exchange Service

Custom Tel possesses the requisite technical, financial and managerial capabilities to operate as a competitive telecommunications provider. These capabilities are explained in detail below.

1. Financial Qualifications

Custom Tel is financially able to provide the services proposed in its tariff as evidenced by its financial statements for period ending December 31, 2011.

2. Managerial Qualifications

Custom Tel's senior management team is highly skilled, having acquired considerable experience in the telecommunications industry. Using this extensive expertise, Custom Tel's management team has developed innovative marketing strategies. In conjunction with effective financial and operational measures, these marketing strategies will enable the company to provide quality service at competitive rates, while resulting in profitable operations for the Applicant. Custom Tel has extensive experience in the technical, managerial, and financial aspects of the telecommunications industry.

3. Technical Qualifications

Applicant's key management personnel have significant business and telecommunications experience. Applicant is currently authorized to provide interexchange and local exchange service in New Jersey, Ohio, Pennsylvania and South Carolina IXC (see Docket No.2010-276-C, Dated February15, 2011). No such applications have been denied or dismissed. Applicant will also rely upon the technical expertise and telecommunications experience of its underlying carriers.

Applicant's current business and network plans call for market entry via resold LEC and IXC facilities. Applicant has no plans to install facilities in the State of South Carolina. Services will be provided by utilizing the facilities incumbent local exchange carriers ("LECs"), as well as other facilities-based carriers.

Applicant seeks authority to resell and provide through its own facilities local exchange services throughout the State primarily in the areas served by AT&T. Applicant's local calling areas initially will coincide with the incumbent local exchange carrier's local calling areas. Its services will be available on a full-time basis, twenty-four hours a day, seven days a week, to customers within the geographic boundaries of the State of South Carolina. Customers will be billed by Applicant. Applicant is committed to providing access to a local operator, directory assistance, 911 services, and dual relay services. Applicant is also willing to accept its obligations to collect 911 and dual relay service surcharges from its local exchange customers, and to remit those funds to the appropriate authorities.

Custom Tel is currently providing resold and local exchange service in New Jersey, Ohio and Pennsylvania .

As the foregoing illustrates, Custom Tel possesses considerable telecommunications expertise. Custom Tel is technically qualified to provide local exchange telecommunications services in South Carolina.

IV. Approval of Custom Tel's Application is in the Public Interest

Granting Custom Tel's Application is consistent with S.C. Code Ann. § 58-9-280(B), as amended by 1996 Act No. 354, and, in that regard Applicant makes the following representations to the Commission:

- a. Applicant possesses the technical, financial, and managerial resources sufficient to provide the services requested;
- b. Applicant's services will meet the service standards required by the Commission;
- c. The provision of local services by Applicant will not adversely impact the availability of affordable local exchange service;

- d. Applicant, to the extent it is required to do so by the Commission, will participate in the support of universally available telephone service at affordable rates; and,
- e. The provision of local exchange services by Applicant will not adversely impact the public interest.

The demands of a competitive market are a better means to achieve affordability and quality of service than a monopoly environment. As competitors vie for market share, they will compete based upon price, innovation and customer service.

Those providers that offer consumers the most cost effective products will gain market share. In contrast, providers whose products do not meet the needs of consumers will lose market share and, ultimately, be eliminated from the industry.

Additionally, Custom Tel's entry into the local exchange market will not unreasonably prejudice or disadvantage any telephone service providers. Incumbent local exchange carriers presently serve a large majority of the local exchange customers in South Carolina. The major advantages of incumbency (i.e., ownership of the existing local network as well as access to, and long-standing relationships with, every local customer) constitute a substantial obstacle to new entrants. Moreover, exchange services competition will stimulate the demand for the services supplied by all local service carriers, including those of the incumbent LECs. Thus, in a competitive market, there will be increased potential for such LECs to generate higher revenues. Additionally, in a competitive market, incumbent providers will have market incentives to improve the efficiency of their operations, thereby reducing their costs and ultimately their profit margins. Finally, it is important to recognize that in a competitive market, incumbent LECs will derive revenues from both resellers of their local exchange services as well as facilities based competitive local exchange providers.

Currently, South Carolina consumers have a limited choice with regard to the provision of local exchange telecommunications service. A competitive local exchange service market comprised of incumbents and competitive providers such as Custom Tel will offer consumers a competitive option and, therefore, will better satisfy the needs of various market segments. In this regard, approval of this Application is clearly in the public interest.

V. Description of Services Offered and Service Territory

For informational purposes, Custom Tel has filed with this Application an illustrative price list based on Custom Tel's current expectations regarding local services. (Exhibit "E").

Custom Tel may offer a full array of services including the following:

- A. Local Exchange Services that will enable customers to originate and terminate local calls in the local calling area served by other LECs.
- B. Switched local exchange services, including basic service, trunks, carrier access, and any other switched local services that currently exist or will exist in the future.
- C. Non-switched local services (e.g., private line) that currently exist or will exist in the future.
- D. Centrex and/or Centrex-like services that currently exist or will exist in the future.
- E. Digital subscriber line, ISDN, and other high capacity services.

Prior to providing local exchange services to the public in South Carolina, Custom Tel will file a complete Final Tariff and/or Price List with the Commission. Furthermore, Applicant submits contemporaneously with this application its proposed tariff for local exchange service (Exhibit E), which contains a description of services to be provided, all rules and regulations applicable to such services, and proposed rates for such services.

VI. Waivers and Regulatory Compliance

Custom Tel requests that the Commission grant it a waiver of those regulatory requirements inapplicable to competitive local service resellers such as Custom Tel. Such rules are not appropriate or necessary for competitive providers and constitute an economic barrier to entry into the local exchange market.

1. Financial Record-Keeping System

a. Custom Tel respectfully requests that it be exempt from any record-keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation.

b. As a competitive carrier, Custom Tel maintains its book of accounts in accordance with Generally Accepted Accounting Principles ("GAAP"). Neither the FCC, nor the Commission, has required Custom Tel to maintain its records under the USOA for purposes of Custom Tel's interexchange operations. Thus, Custom Tel does not possess the detailed cost data required by USOA, nor does it maintain detailed records on a state-specific basis. As a competitive provider, Custom Tel's network operations are integrated to achieve maximum efficiency. Having to maintain records pertaining specifically to its South Carolina local service operations would place an extreme burden on Custom Tel.

c. Moreover, Custom Tel asserts that because it utilizes GAAP, the Commission will have a reliable means by which to evaluate Custom Tel's operations. Therefore, Custom Tel hereby respectfully requests to be exempt from the any USOA requirements of the Commission.

d. In addition, the Company hereby respectfully requests a waiver of 26 S.C. Code & Ann. Regs. 103-610, which requires books and records to be kept in the State of South Carolina, but rather, the Company desires to keep its books and records at its principal place of business.

2. Local Exchange Directories

Applicant respectfully requests a waiver of the requirement in Rule 103-631 to publish and distribute local exchange directories. Custom Tel will make arrangements with the incumbent LECs whereby the names of Custom Tel's customers will be included in the directories published by the incumbent LECs. LEC directories will also be modified to include Custom Tel's customer service number. These directories will be distributed to Custom Tel's customers. This approach is entirely reasonable and will have a direct benefit to the customers of both Custom Tel and the incumbent LEC since they need only refer to one directory for a universal listing of customer information. It would be an unnecessary burden on Custom Tel to require that it publish and distribute its own directory to all customers located within each exchange area, particularly since nearly all of these customers will be customers of the incumbent LECs. It is more efficient for Custom Tel to simply include its limited customer list in the existing directories of the incumbent LECs.

3. Flexible Regulation of Local Services

Applicant respectfully requests that its local service offerings be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in docket No. 97-467-C.

4. Marketing Practices

Pursuant to the South Carolina Public Service Commission's Order No. 95-658 (issued March 20, 1995), Applicant makes the following affirmation relating to the Applicant's provision of services:

As a telephone utility under the regulation of the Public Service Commission of South Carolina, Carrier does hereby assert and affirm that as a reseller of intrastate telecommunications service, Carrier will not indulge or participate in deceptive or misleading telecommunications marketing practices to the detriment of consumers in South Carolina, and will comply with those marketing procedures, if any, set forth by the Public Service Commission. Additionally, Carrier will be responsible for the marketing practices of its contracted telemarketers for compliance with this provision. Carrier understands that violation of this provision could result in a rule to show cause as to the withdrawal of its certification to complete intrastate telecommunications traffic within the state of South Carolina.

5. Maps

Applicant's local exchange calling areas will initially mirror the service areas of the incumbent local exchange carriers; therefore, Applicant hereby respectfully requests a waiver of the map-filing requirement pursuant to 26 S.C. Code & Ann. Regs. 103-612.2.3 and of 26 S.C. Code Ann. Regs. 103-631 requiring publication of directories.

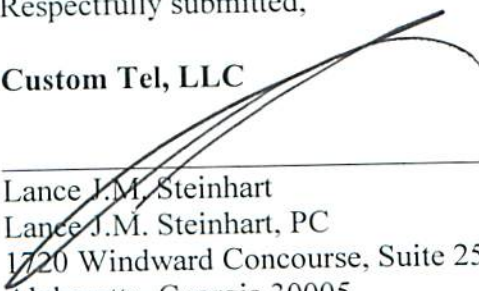
VII. Conclusion

This Application demonstrates that Custom Tel, LLC, possesses the technical, financial and managerial resources to provide local exchange service in the State of South Carolina. Furthermore, granting this Application will promote the public interest by increasing the level of competition in the South Carolina telecommunications market. Ultimately, competition will compel all exchange telecommunications service providers to operate more efficiently and pass the resultant cost savings on to consumers. In addition, as a result of competition, the overall quality of local exchange service will improve. As stated above, Applicant does not intend to provide local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, until Applicant provides such LECs notice of intent at least 30 days prior to the date of the intended service.

Wherefore, Custom Tel, LLC, respectfully petitions this Commission for authority to operate as a reseller of local exchange telecommunications services in the State of South Carolina and for local service offerings to be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in docket No. 97-467-C, in accordance with this Application and for such other relief as it deems necessary and appropriate.

Respectfully submitted,

Custom Tel, LLC



Lance J.M. Steinhart
Lance J.M. Steinhart, PC
1720 Windward Concourse, Suite 250
Alpharetta, Georgia 30005
(770) 232-9200

and



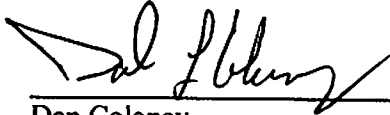
Scott Elliott
1508 Lady Street
Columbia, SC 29201
(803) 771-0555

Attorneys for Applicant

January 10, 2012

VERIFICATION OF Applicant

I, Dan Coloney, President to Custom Tel, LLC, a New York , the applicant for a Certificate of Public Convenience and Necessity from the Public Service Commission of the State of South Carolina, verify that based on information and belief, I have knowledge of the statements in the foregoing Application, and I declare that they are true and correct.



Dan Coloney
President
Custom Tel, LLC

Sworn to me, the undersigned
Notary Public on this
13th day of September, 2012.

State of NY

County of Monroe



Notary Public

TINA L. WERNER
No. 01WE6136170
Notary Public, State of New York
Qualified in Monroe County
My Commission Expires 12/31/13

EXHIBIT "A"
ARTICLES OF ORGANIZATION

ARTICLES OF ORGANIZATION

of

CAP-TEL, LLC

Under Section 203 of the Limited Liability Company Law.

THE UNDERSIGNED, being a natural person of at least eighteen (18) years of age and acting as the organizer of the limited liability company (the "Company") hereby being formed under Section 203 of the Limited Liability Company Law of the State of New York (the "Act"), certifies that:

FIRST: The name of the Company is CAP-TEL, LLC.

SECOND: The purpose of the Company is to engage in any lawful act or activity for which limited liability companies may be organized under the Act.

THIRD: The county within the State of New York in which the office of the Company is to be located is Erie.

FOURTH: The Secretary of State is designated as the agent of the Company upon whom process against the Company may be served. The post office address within or without the State of New York to which the Secretary of State shall mail a copy of any process against the company served upon such Secretary of State is 726 Exchange Street, Suite 700, Buffalo, New York 14210.

FIFTH: None of the members of the Company are liable for payment of any debt, obligation or other liability of the Company.



Robert A. Biltekoff, Organizer
333 International Drive, Suite B-4
Williamsville, NY 14221

ARTICLES OF ORGANIZATION

OF

CAP-TEL, LLC

Under Section 203 of the Limited Liability Company Law

**Filed by:
Lipman & Biltekoff, LLP
333 International Drive, Suite B-4
Williamsville, New York 14221
(716) 633-3200**

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF ORGANIZATION
OF
CAP-TEL, LLC

Under Section 211 of the Limited Liability Company Law

- FIRST:** The name of the limited liability company is CAP-TEL, LLC.
- SECOND:** The date of the filing of the Articles of Organization is February 23, 2007.
- THIRD:** The amendment effected by this certificate of amendment is as follows:

Paragraph First of the Articles of Organization relating to the limited liability company name is hereby amended to read as follows: **FIRST:** The name of the Company is CUSTOM TEL, LLC.



Robert A. Biltekoff, Authorized Person

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF ORGANIZATION

OF

CAP-TEL, LLC

Under Section 211 of the Limited Liability Company Law

**Filed by: Lipman & Biltekoff, LLP
333 International Dr., Suite B-4
Williamsville, NY 14221
(716) 633-3200**

State of New York
Department of State } ss:

I hereby certify, that CAP-TEL, LLC a NEW YORK Limited Liability Company filed Articles of Organization pursuant to the Limited Liability Company Law on 02/23/2007, and that the Limited Liability Company is existing so far as shown by the records of the Department.

A Certificate of Amendment CAP-TEL, LLC, changing its name to CUSTOM TEL, LLC, was filed 04/16/2007.



*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 04th day of October two
thousand and twelve.*

A handwritten signature in black ink, appearing to read "Neil F. ...", is written over a faint circular stamp.

First Deputy Secretary of State

EXHIBIT "B"
FOREIGN CORPORATION QUALIFICATION

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Authorization

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

CUSTOM TEL, LLC, A Limited Liability Company duly organized under the laws of the State of NEW YORK, and issued a certificate of authority to transact business in South Carolina on November 12th, 2009, with a duration that is at will, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to section 33-44-809 of the South Carolina Code, and that the company has not filed a certificate of cancellation as of the date hereof.

Given under my Hand and the Great
Seal of the State of South Carolina this
13th day of November, 2009.


Mark Hammond, Secretary of State

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

OFFICE OF THE SECRETARY OF STATE
ATTENTION: CLERK OF THE SECRETARY OF STATE
1500 BAYVIEW DRIVE, SUITE 100
COLUMBIA, SOUTH CAROLINA 29204-0001
TEL: 803/732-2000 FAX: 803/732-2001

APPLICATION FOR A CERTIFICATE OF AUTHORITY
BY A FOREIGN LIMITED LIABILITY COMPANY
TO TRANSACT BUSINESS IN SOUTH CAROLINA

11/12/2009

SECRETARY OF STATE OF SOUTH CAROLINA

TYPE OR PRINT CLEARLY WITH BLACK INK

The following Foreign Limited Liability Company applies for a Certificate of Authority to Transact Business in South Carolina in accordance with Section 33-44-1002 of the 1976 South Carolina Code of Laws, as amended.

1. The name of the foreign limited liability which complies with Section 33-44-1005 of the 1976 South Carolina Code as amended is Custom Tel LLC

2. The name of the State or Country under whose law the company is organized is New York

3. The street address of the Limited Liability Company's principal office is
726 Exchange Street, Suite 705
Street Address
Buffalo, NY 14210
City State Zip Code

4. The address of the Limited Liability Company's current designated office in South Carolina is
6650 Rivers Avenue
Street Address
North Charleston, SC 29406
City State Zip Code

5. The street address of the Limited Liability Company's initial agent for service of process in South Carolina is
6650 Rivers Avenue
Street Address
North Charleston, SC 29406
City State Zip Code

and the name of the Limited Liability Company's agent for service of process at the address is

Corporate Creations Network Inc.
Name

Signature

Sumantha Simons
Sumantha Simons, Special Secretary

6. ☐ Check this box if the duration of the company is for a specified term, and if so, the period specified _____

091113-0114
CUSTOM TEL, LLC

FILED: 11/12/2009

Filing Fee: \$110.00 ORIG

Mark Hammond

South Carolina Secretary of State

UNITED STATES DEPARTMENT OF JUSTICE
ANTITRUST DIVISION
WASHINGTON, D. C. 20530

157 142802

TYPE OR PRINT CLEARLY WITH BLACK INK

South Carolina Secretary of State



Custom Tel, LLC

Name of Limited Liability Company

7. ☒ Check this box if the company is manager-managed. If so, list the names and business addresses of each manager

a. Stephen G. Florczak

Name

726 Exchange Street, Suite 705

Business Address

Buffalo, NY 14210

City

State

Zip Code

b. Lorenzo Costa

Name

726 Exchange Street, Suite 705

Business Address

Buffalo, NY 14210

City

State

Zip Code

8. ☐ Check this box if one or more members of the foreign limited liability company are to be liable for the company's debt and obligation under a provision similar to Section 33-44-303(c) of the 1976 South Carolina Code of Laws, as amended.

Date

11/6/09

Signature

Stephen G. Florczak

Stephen G. Florczak - Manager

Name

Capacity

FILING INSTRUCTIONS

1. This application must be accompanied by an original certificate of existence not more than 30 days old (or a record of similar import) authenticated by the Secretary of State or other official having custody of the Limited Liability Company records in the state or country under which it is organized.
2. File two copies of these articles, the original and either a duplicate original or a conformed copy.
3. If management of a limited liability company is vested in managers, a manager shall execute this form. If management of a limited liability company is reserved to the members, a member shall execute this form. Specify whether a member or manager is executing this form.
4. This form must be accompanied by the filing fee of \$110.00 payable to the Secretary of State.

Return to: Secretary of State
P.O. Box 11350
Columbia, SC 29211

EXHIBIT "C"
FINANCIAL INFORMATION

CUSTOM TEL, LLC
FINANCIAL STATEMENT
DECEMBER 31, 2011 and 2010

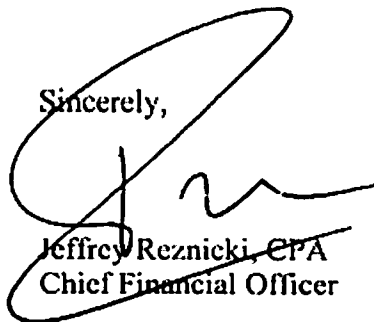
Custom Tel, LLC
726 Exchange Street
Buffalo, New York 14210

February 7, 2012

To the Board of Directors of
Custom Tel, LLC

The accompanying balance sheets of Custom Tel, LLC as of December 31, 2011 and 2010 and the related statement of Income and Expenses for the calendar years then ended have been prepared by Jeffrey Reznicki, CPA. I have prepared such financial statements in my capacity as Chief Financial Officer of Custom Tel, LLC.

Sincerely,



Jeffrey Reznicki, CPA
Chief Financial Officer

**CUSTOM TEL, LLC
BALANCE SHEET
DECEMBER 31**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 170,030	\$ 258,134
Accounts receivable	<u>223,065</u>	<u>231,835</u>
Total current assets	<u>393,095</u>	<u>489,969</u>
<u>FIXED ASSETS</u>		
Computer software	12,595	12,595
Less: accumulated depreciation	<u>(8,976)</u>	<u>(8,442)</u>
Net fixed assets	<u>3,619</u>	<u>4,153</u>
TOTAL ASSETS	<u>\$ 396,714</u>	<u>\$ 494,122</u>
<u>LIABILITIES AND PARTNERS' EQUITY</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 139,781	\$ 176,044
Accrued expenses	<u>136,160</u>	<u>125,280</u>
Total current liabilities	<u>275,941</u>	<u>301,324</u>
TOTAL LIABILITIES	<u>275,941</u>	<u>301,324</u>
<u>PARTNERS' EQUITY</u>		
Partners' Equity	<u>120,773</u>	<u>192,798</u>
Total partners' equity	<u>120,773</u>	<u>192,798</u>
TOTAL LIABILITIES AND PARTNERS' EQUITY	<u>\$ 396,714</u>	<u>\$ 494,122</u>

CUSTOM TEL, LLC
STATEMENT OF INCOME AND EXPENSES
FOR THE CALENDAR YEARS ENDED DECEMBER 31

	<u>2011</u>	<u>2010</u>
Income	<u>\$ 2,315,038</u>	<u>\$ 2,222,252</u>
 <u>General and Administrative Expenses</u>		
Advertising	295	1,434
Bad Debt	-	7,396
Bank Service Charge	9,718	8,246
Commission	67,208	65,327
Depreciation	531	2,992
Dues and Subscriptions	45	57
Fines	-	579
Insurance	8,052	21,243
Licensing	765	1,719
Life insurance	6,144	-
Other taxes	1,500	1,525
Office Supplies	1,212	728
Payroll Tax Expense	33,520	20,162
Professional Fees	114,423	124,361
Rent	7,326	7,992
Salaries	383,020	258,500
Seminar	750	-
Telephone	1,434,146	1,500,747
Travel and Entertainment	1,168	920
Total General and Administrative Expenses	<u>2,069,823</u>	<u>2,023,928</u>
 Net Income	 <u>\$ 245,215</u>	 <u>\$ 198,324</u>

EXHIBIT "D"
BIOGRAPHY INFORMATION

Larry A. Costa

VP Marketing Custom Tel 2007 - Present

Executive Vice President of Business Development for Capital Management Services, LP. and has held that position for 8 years during which Capital Management Services, revenue has increased from \$4Million to \$86 Million in annual revenues.

Prior to coming to CMS, Mr. Costa held Vice President of Sales and Marketing positions in the telecommunications industry.

21 Years of Telecommunications expertise with Companies such as AT&T, Sprint Canada, and Global Crossings.

MBA Canisius College 1990

Winner 2004 Business First Distinguished Sales and Marketing Executive

LIST OF MEMBERS OR PARTNERS
CUSTOM TEL, LLC

MANAGING MEMBERS:

Dan Coloney	President
Larry Costa	VP Marketing
Steve Florszak	VP Information Technology

Directors

None. Custom Tel, LLC is a Limited Liability Company

**All the above referenced Managers can be reached at:
726 Exchange St., Suite 700, Buffalo, NY 14210**

Daniel L. Coloney

A demonstrated professional who offers over 15 years of experience leading sales and channel distribution teams. Proven effective in conveying meticulous concepts, utilizing concise and easily understood language to educate and inform diverse audiences. Skilled in collaborating with numerous departments and business segments, ensuring compliance with deadlines and budgetary constraints. Consistently attains customer satisfaction. Areas of expertise include:

Corporate Communications
Project Management
Strategic Planning
Time Management

Rapport Building
Training & Development
Contract Negotiations
Sales Channel Distribution

Forecasting
Proposal Preparation
Flexible, multi-tasked
Motivated, Self Starter

PROFESSIONAL CONTRIBUTIONS

- Recipient of monetary award for providing outstanding service and leadership.
- Member of Gold Club, obtaining 200% of quota.
- President Club Status, obtaining 182% of quota.
- Managed and coached up to 40 agents at one time selling throughout the United States.
- Created informative marketing materials correlating with a newly designed product.
- Assisted agents in closing sales calls.

CAREER PROFILE

Custom Tel President

2007-Present

- Plans, develops, and establishes policies and objectives of business organizations in accordance with board directives and corporation charter.
- Confers with company officials to plan business objectives, establish responsibilities, and procedures for attaining objectives.
- Reviews activity reports and financial statements to determine progress and status in attaining objectives and revises objectives and plans in accordance with current conditions.
- Directs and coordinates formulation of financial programs to provide funding for new or continuing operations to maximize returns on investments and to increase productivity.
- Evaluates performance of executives for compliance with established policies and objectives of firm and contributions in attaining objectives.
- Resides over all hiring and termination practices.
- Conducts strategic planning sessions to address forecasting, budgets, and allocation of resources.
- Devises sales plans and approaches to sell Telecommunications services to medium and large business.
- Serves as chairman of committees, such as management, executive, engineering, and sales.

Pactec Agent Manager

2000-2007

- Assisted agents in the sale of Telecommunications utilizing the knowledge of networks, and the communications industry.
- Recruited and trained agents.
- Co-designed networks.
- Analyzed customer's communication needs and designed recommendations to streamline cost and enhance productivity.
- Developed list of prospective customers by researching businesses and networking with associates.
- Reviewed orders for ideas to expand services available to present customers.
- Called on prospects to explain features of services, cost, and advantages.
- Wrote orders and schedules initiation of services.
- Conferred with customers and company officials to resolve complaints.

Daniel L. Coloney

CAREER PROFILE CONTINUED

ACC/AT&T

1998-2000

Agent Manager

- Directed staffing, training, and performance evaluations to develop and control sales program.
- Coordinated sales distribution by establishing sales territories, quotas, and goals.
- Advised dealers, distributors, and clients concerning sales and advertising techniques.
- Assigned sales territory to sales personnel.
- Analyzed sales statistics to formulate policy and to assist dealers in promoting sales.
- Reviewed market analyses to determine customer needs, volume potential, price schedules, and discount rates.
- Developed sales campaigns to accommodate goals of company.
- Directed product simplification and standardization to eliminate unprofitable items from sales line.
- Represented company at trade association meetings to promote product.
- Coordinated liaison between sales department and other sales-related units.
- Analyzed and controlled expenditures of division to conform to budgetary requirements.
- Prepared sales report showing sales volume and potential sales.
- Profit and Loss Assessment.

Outside Sales Representative

1996-1998

- Sold communications services to business accounts.
- Contacted and visited commercial customers to review phone service.
- Analyzed communication needs of business establishments, using knowledge of type of business, available telephone equipment, and traffic studies.
- Recommended additional services.
- Quoted rates for services and wrote up orders.

ACADEMICS

SUNY OSWEGO: Bachelors of Arts - Economics, Minor in Math

1990

Stephen G. Florczak

28A Coolbrook Court • Buffalo NY, 14051 • Home: 716-639-8292 • Email: sflorczak@aol.com

Senior Information Technology Executive

With 17 Years IT/Telecom Experience Delivering Profit Driven and Cost Effective Technology Solutions

Career Profile

Results-driven CIO with expertise envisioning and leading global, technology based, multi-million dollar revenue and growth initiatives grounded solidly on business and economic value. Impressive, fast track management career marked by demonstrated ability to build performing teams and achieve cross-functional business objectives. Valued member of senior executive teams, contributing a seasoned, broad-based perspective to create dynamic IT strategies and implementation plans designed for maximum return at the lowest possible costs.

Core EVP/CIO areas of expertise

- Strategic Planning
- Multi-Million Dollar Budgeting
- System Integration
- 24/7 Operating Environments
- Telecom Solutions Deployment
- Executive Leadership
- Large Scale Project Management
- Lead Security Officer
- Mergers and Acquisitions
- Outsourced Services
- Network Architecture
- Profit/Loss Management
- Disaster Recovery
- Vendor Management
- Contract Negotiation

Key Career Highlights:

- **Realize maximum value and return on IT investments** – Immediate gains and efficiencies realized through implementation of multi-million dollar CRM system, increased profits through multiple Dialer/IVR deployments, elimination of downtime through redundant network architecture and infrastructure for \$70 million revenue operation globally.
- **Champion and architect of secure, compliant environment** - SAS70 and ISO 17799/27002 Compliant since 2005. PCI Certified since 2006. Driving force behind company-wide commitment to protect the privacy, confidentiality and safeguarding of client/customer information in observance of PCI Standards, ISO Requirements, State and Federal Regulations.
- **IT Executive of all subsidiary financial companies** – IT Executive of financial subsidiaries Center One, LLC and First Center, LLC which operate as Customer Service Call Centers for Credit Card Issuers. Designed secure, segregated and stand-alone environments for operations leveraging Capital Management Services call center technology model.

Professional Experience

Custom Tel, LLC– Buffalo, NY

2007-Present

Switchless reseller of major Telecom Providers

Managing Partner – Manage Telecom operation striving to be industry leader of low cost, efficient solutions. Filed all documentation required of Federal and State requirements to operate as a reseller of communications nationwide. Solutions offered to current customers include Local, Long Distance, VoIP, Internet, Dedicated T-1 Access and MPLS based on analysis of client requirements. Active with Business Development.

Capital Management Services, LP – Buffalo, NY

2002-Present

Receivables Management Call Center Operation with multiple sites, over 1,500 employees and \$200m in annual revenue

Executive Vice President of IT

Lead team of national and international programming, networking, telecommunications, security, business analysts, help desk and financial reporting employees responding to client and business needs. Assigns and reviews all work while mentoring employees. Became EVP and company officer from Director of IT within 26 months. IT Executive of subsidiary customer support operations and Managing Partner of telecommunications operations included as part of overall responsibilities.

Key Results:

- Architect of four sites and two integrated sites onto company network.
- Deployed XenApp Servers for efficiencies and virtualization
- Reduced all skip service costs by 40% for the year 2009. Savings exceeded \$2 million.
- Cut production costs \$3 million for years 2006-07 and \$4 million for 2008-09.
- Instituted IVR to control flow of inbound call traffic, allow customers to pay systemically and free agents to focus on reaching more customers. Gain of 20% customer penetration realized
- Forecast growth plans of headquarters and remotes sites ensuring client requirements are met and operations has tools to exceed client expectations without loss of productivity
- Cut Long Distance costs by \$1 million annually through auditing of telecom charges
- Consolidated Network Connectivity onto redundant Sonet Ring, removing direct T-1's, creating failover while achieving a reduction in monthly telecom expenses
- Deployed data redundancy across all AS400 platforms to allow each site to operation independently of other sites for true Disaster Recovery operation
- Achieved 100% success rate on all external client audits specific to IT functions.
- Attained ISO 17799/27002 Compliance through Independent Auditing.
- Created IT processes including, but not limited too, Disaster Recovery, Change Control, Help Desk, Client Integration, Data Security and Internal Auditing.
- Performed conversion of PC based database onto AS/400 platform at a cost of \$1.5m increasing productivity 200% over prior months. Performed integration of Predictive Dialers at a cost of \$2.5mk, doubling revenue two consecutive months after integration. Payback period for equipment realized within 8 months.
- Customized third party software package that initiated 300% growth in revenue in 2003 and 200% growth in 2004
- Restructured internal Help Desk/Customer Support department to support prioritized projects and deliverables through proprietary ticketing system. Immediate efficiencies resulted
- Resulting growth noted for Capital Management Services in *Buffalo News* for two consecutive years as a fast track company in Western New York.
- Trained or created training manuals for all departments that use customized third party software.
- Implemented Auto Pay and Auto Posting of transactions saving \$215K annually.
- Generated numerous credits for outsourcing as a result of recommending program and design upgrades for third party software package.

Great Lakes Collection Bureau - Buffalo, NY

1996 – 2002

Largest single site collection agency in U.S until purchased by GE in 1999

Senior Project Analyst (1997 - 2002)

Computer Programmer (1996 - 1997)

Rapid promotion to Senior Project Analyst. Specialized in coordinating and programming with responsibilities that included system design, development and maintenance. Involved in all major client integrations onto AS/400 platform and company interfaces with client system/networks.

Key Results:

- Produced programs and interfaces based on requirements of major clients such as Capital One Bank, GE, Citibank, Chase Manhattan and Discover. IT liaison for each of the aforementioned major clients.
- Used Six Sigma methodology in aspects of all projects.
- Created real-time statistics on AS/400 eliminating unnecessary reporting functions while saving \$80K annually.
- Led team of programmers in designing front end GUI for predictive dialing from AS/400 saving company \$62K in contracting.
- Designed a database to store programming requests for statistics and analysis.
- Mentored junior programming staff on how to introduce quality into each phase of the software development life cycle.
- Completed the following Harvard Mentor Management Programs via GE Online Learning Center: Delegating, Leading a Team, Capitalizing on Change, Leading and Motivating, Project Management, Negotiating, Managing Your Time and Solving Business Problems.

Education

Canisius College Wehle School of Business - Buffalo, NY

Master of Science: Telecommunications – 2004

Master of Science: Business Administration – 2002

State University of New York at Buffalo - Buffalo, NY

Bachelor of Science: Business Administration – 1995

Affiliations

Board of Directors – Collection Technology Magazine (2007 – Present)

- Featured in multiple articles relative to financial receivables industry

Collection Technology Summit 2007 – Panel Speaker on Predictive Dialers/IVR's

Collection Technology Summit 2008 – Panel Speaker on IT vs. Operations

Collection Technology Summit 2009 – Panel Speaker on Refining Analytics

Collection Technology Summit 2010 – Panel Speaker for On-Premise Equipment vs. Cloud Computing.

EXHIBIT "E"
ILLUSTRATIVE LOCAL EXCHANGE PRICE LIST